

**FINANCING PUBLIC EDUCATION**

2008 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Merlynn T. Newbold**

Senate Sponsor: \_\_\_\_\_

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**LONG TITLE****General Description:**

This bill amends provisions in the Minimum School Program Act and the Property Tax Act relating to public school funding.

**Highlighted Provisions:**

This bill:

- ▶ increases the minimum basic property tax levy imposed by school districts statewide to a set rate of .00200;
- ▶ modifies the certified tax rate calculation for school districts as a result of the increase in the minimum basic levy tax rate;
- ▶ modifies the advertisement requirements for a tax rate increase above the state's certified tax rate for the minimum basic levy;
- ▶ defines terms; and
- ▶ makes technical changes.

**Monies Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill takes effect on January 1, 2009.

**Utah Code Sections Affected:**

AMENDS:

**53A-3-415**, as last amended by Laws of Utah 1991, Chapter 72



**53A-17a-103**, as last amended by Laws of Utah 2007, Chapters 107 and 372

**53A-17a-135**, as last amended by Laws of Utah 2007, Chapter 2

**59-2-926**, as last amended by Laws of Utah 2003, Chapter 320

ENACTS:

**59-2-924.2**, Utah Code Annotated 1953

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*Be it enacted by the Legislature of the state of Utah:*

Section 1. Section **53A-3-415** is amended to read:

**53A-3-415. School board policy on detaining students after school.**

(1) Each local school board shall establish a policy on detaining students after regular school hours as a part of the districtwide discipline plan required under Section [~~53A-17a-135~~] 53A-11-901.

(2) The policy shall apply to elementary school students, grades kindergarten through six. The board shall receive input from teachers, school administrators, and parents and guardians of the affected students before adopting the policy.

(3) The policy shall provide for notice to the parent or guardian of a student prior to holding the student after school on a particular day. The policy shall also provide for exceptions to the notice provision if detention is necessary for the student's health or safety.

Section 2. Section **53A-17a-103** is amended to read:

**53A-17a-103. Definitions.**

As used in this chapter:

(1) "Basic state-supported school program" or "basic program" means public education programs for kindergarten, elementary, and secondary school students that are operated and maintained for the amount derived by multiplying the number of weighted pupil units for each district by \$2,514, except as otherwise provided in this chapter.

(2) (a) "Certified revenue levy" means a property tax levy that provides an amount of ad valorem property tax revenue equal to the sum of:

(i) the amount of ad valorem property tax revenue to be generated statewide in the previous year from imposing a minimum basic tax rate, as specified in Subsection 53A-17a-135(1)[~~(a)~~]; and

(ii) the product of:

(A) new growth, as defined in Section 59-2-924 and rules of the State Tax Commission; and

(B) the minimum basic tax rate certified by the State Tax Commission for the previous year.

(b) For purposes of this Subsection (2), "ad valorem property tax revenue" does not include property tax revenue received statewide from personal property that is:

(i) assessed by a county assessor in accordance with Title 59, Chapter 2, Part 3, County Assessment; and

(ii) semiconductor manufacturing equipment.

(3) "Leeway program" or "leeway" means a state-supported voted leeway program or board leeway program authorized under Section 53A-17a-133 or 53A-17a-134.

(4) "Pupil in average daily membership (ADM)" means a full-day equivalent pupil.

(5) (a) "State-supported minimum school program" or "minimum school program" means public school programs for kindergarten, elementary, and secondary schools as described in this Subsection (5).

(b) The minimum school program established in the districts shall include the equivalent of a school term of nine months as determined by the State Board of Education.

(c) (i) The board shall establish the number of days or equivalent instructional hours that school is held for an academic school year.

(ii) Education, enhanced by utilization of technologically enriched delivery systems, when approved by local school boards, shall receive full support by the State Board of Education as it pertains to fulfilling the attendance requirements, excluding time spent viewing commercial advertising.

(d) The program includes the total of the following annual costs:

(i) the cost of a basic state-supported school program; and

(ii) other amounts appropriated in this chapter in addition to the basic program.

(6) "Weighted pupil unit or units or WPU or WPUs" means the unit of measure of factors that is computed in accordance with this chapter for the purpose of determining the costs of a program on a uniform basis for each district.

Section 3. Section **53A-17a-135** is amended to read:

**53A-17a-135. Minimum basic tax rate -- Certified revenue levy.**

(1) ~~[(a)]~~ In order to qualify for receipt of the state contribution toward the basic program and as its contribution toward its costs of the basic program, ~~[each]~~ a school district shall impose a minimum basic tax rate of .00200 per dollar of taxable value ~~[that generates \$245,254,790 in revenues statewide]~~.

~~[(b) The preliminary estimate for the 2007-08 minimum basic tax rate is .001474.]~~

~~[(c) The State Tax Commission shall certify on or before June 22 the rate that generates \$245,254,790 in revenues statewide.]~~

~~[(d) If the minimum basic tax rate exceeds the certified revenue levy as defined in Section 53A-17a-103, the state is subject to the notice requirements of Section 59-2-926.]~~

(2) (a) The state shall contribute to each district toward the cost of the basic program in the district that portion which exceeds the proceeds of the levy authorized under Subsection (1).

(b) In accord with the state strategic plan for public education and to fulfill its responsibility for the development and implementation of that plan, the Legislature instructs the State Board of Education, the governor, and the Office of Legislative Fiscal Analyst in each of the coming five years to develop budgets that will fully fund student enrollment growth.

(3) (a) If the proceeds of the levy authorized under Subsection (1) equal or exceed the cost of the basic program in a school district, no state contribution shall be made to the basic program.

(b) The proceeds of the levy authorized under Subsection (1) which exceed the cost of the basic program shall be paid into the Uniform School Fund as provided by law.

Section 4. Section **59-2-924.2** is enacted to read:

**59-2-924.2. Certified tax rate adjustment for school districts.**

(1) For purposes of this section:

(a) "Certified revenue levy" is as defined in Section 53A-17a-103.

(b) "Certified tax rate" means a certified tax rate calculated in accordance with Section 59-2-924.

(2) For the taxable year beginning on January 1, 2009, the certified tax rate of a school district shall be decreased by an amount equal to the difference between:

(a) the amount of ad valorem property tax revenue a school district receives from the imposition of the minimum basic tax rate of .00200 described in Section 53A-17a-135; and

(b) the amount of revenue a school district would have received from the imposition of the certified revenue levy for the same year.

(3) For taxable years beginning on or after January 1, 2010, the certified tax rate of a school district shall be decreased by an amount equal to the difference between:

(a) the amount of revenue generated statewide that year from the imposition of the minimum basic tax rate of .00200 described in Section 53A-17a-135; and

(b) an amount equal to the sum of the following:

(i) the amount of revenue generated statewide during the prior year from the imposition of the minimum basic tax rate of .00200 described in Section 53A-17a-135; and

(ii) new growth as defined in Subsection 59-2-924(2)(b).

Section 5. Section **59-2-926** is amended to read:

**59-2-926. Proposed tax increase by state -- Notice -- Contents -- Dates.**

If the state authorizes a levy pursuant to [~~Section 53A-17a-135 that exceeds the certified revenue levy as defined in Section 53A-17a-103 or authorizes a levy pursuant to~~] Section 59-2-906.1 that exceeds the certified revenue levy as defined in Section 59-2-102, the state shall publish a notice no later than ten days after the last day of the annual legislative general session that meets the following requirements:

(1) The Office of the Legislative Fiscal Analyst shall advertise that the state authorized a levy that generates revenue in excess of the previous year's ad valorem tax revenue, plus new growth, but exclusive of revenue from collections from redemptions, interest, and penalties in a newspaper of general circulation in the state. The advertisement shall be no less than 1/4 page in size and the type used shall be no smaller than 18 point, and surrounded by a 1/4-inch border. The advertisement may not be placed in that portion of the newspaper where legal notices and classified advertisements appear. The advertisement shall be run once.

(2) The form and content of the notice shall be substantially as follows:

**"NOTICE OF TAX INCREASE**

The state has budgeted an increase in its property tax revenue from \$\_\_\_\_\_ to \$\_\_\_\_\_ or \_\_\_\_%. The increase in property tax revenues will come from the following sources (include all of the following provisions):

(a) \$\_\_\_\_\_ of the increase will come from (provide an explanation of the cause of adjustment or increased revenues, such as reappraisals or factoring orders);

152 (b) \$\_\_\_\_\_ of the increase will come from natural increases in the value of the  
153 tax base due to (explain cause of new growth, such as new building activity, annexation, etc.);

154 (c) a home valued at \$100,000 in the state of Utah which based on last year's [~~levy for~~  
155 ~~the basic state-supported school program;~~] levy for the Property Tax Valuation Agency Fund,  
156 [~~or both~~] paid \$\_\_\_\_\_ in property taxes would pay the following:

157 (i) \$\_\_\_\_\_ if the state of Utah did not budget an increase in property tax revenue  
158 exclusive of new growth; and

159 (ii) \$\_\_\_\_\_ under the increased property tax revenues exclusive of new growth  
160 budgeted by the state of Utah."

161 Section 6. **Effective date.**

162 This bill takes effect on January 1, 2009.

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**Legislative Review Note**

**as of 12-12-07 11:08 AM**

**Office of Legislative Research and General Counsel**

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**H.B. 382 - Financing Public Education****Fiscal Note**

2008 General Session

State of Utah

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**State Impact**

Enactment of this bill could increase revenue to the Uniform School Fund by \$7.3 million (due to local property tax recapture) in FY 2010. The Basic School Program could also experience an increase of \$135 million in FY 2010 in increased local property tax revenue, which would require less Uniform School Fund revenue to maintain current appropriations.

	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
	<b><u>Approp.</u></b>	<b><u>Approp.</u></b>	<b><u>Approp.</u></b>	<b><u>Revenue</u></b>	<b><u>Revenue</u></b>	<b><u>Revenue</u></b>
Uniform School Fund	\$0	\$0	(\$135,000,000)	\$0	\$0	\$7,300,000
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$135,000,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,300,000</b>

**Individual, Business and/or Local Impact**

The effect on school districts will depend upon the structure of revenue sources currently in place and upon the weighted pupil unit. The increase in the basic rate devoted to the state's basic program will be offset by a corresponding decrease in other local school district levies. Some school districts will experience a decrease in own-source property tax staying within the school district, whereas other school districts will see an increase in revenue from the basic program.